

**LEGISLATIVE COUNCIL
FINANCE AND ADMINISTRATION COMMITTEE**
Special Meeting
Meeting Room #3, 3 Primrose Street, Newtown, CT
7:30pm, Tuesday, March 29, 2022

Minutes

PRESENT: Matthew Mihalcik, Jeff Capeci, Michelle Embree Ku

ABSENT: Angela Curi, Charles Gardner, Ryan Knapp

At 7:45pm Mr. Mihalcik distributed written answers provided by Finance Director, Bob Tait, to questions regarding the 2022-23 BOS Budget (**Attachment A**), and those present reviewed the answers.

A meeting of the LC Finance & Administration Committee was scheduled for Wednesday, April 6 at 6:45pm

Not having a quorum, committee members left at 8:50pm.

Respectfully submitted,

*Michelle Embree Ku, Vice Chair
Finance and Administration Committee of the Legislative Council*

***THESE MINUTES ARE SUBJECT TO APPROVAL BY THE FINANCE AND ADMINISTRATION COMMITTEE. ANY
EDITS WILL BE REFLECTED IN THE MINUTES OF THE MEETING AT WHICH THEY ARE APPROVED.***

ATTACHMENT A

BUDGET QUESTIONS LC FINANCE & ADMINISTRATION

3/23/2022

1. Is there a standard for how office supply budgets are projected from department to department? Some department budgets increase significantly (such as Tax Collector 18.4%; or Town Clerk 15.38% ; or Assessor 45.45%). Why is the increase so high in these cases? Absent a specific reason, it seems an adjustment at or about the rate of inflation is all that can be justified.

Just using percentages it does look like a significant increase. In actual dollars the tax collector office supplies increased \$700, the town clerk increased \$400 and the assessor increased the most, \$1,250. For the assessor the NADA pricing guides increased 15%. The tax collector pays a service for printing bills, envelopes and inserts. This can fluctuate depending on number of late bill notices etc.

2. p. 99. The budget for Dues, Travel & Education in the Technology Department has not been used as of 12/31/2021. Will \$8000 be needed in the budget for next year?

The IT department for most of the year has been short staffed (50%). When the department is fully staffed training will commence (especially for the new employee(s).

3. p. 196. At the bottom of page, it indicates that “The increase is due to a flat budget amount in the prior year.” Can you clarify what this means, as the prior year’s budget was not flat (\$408,441 increased to \$420,438)? Additionally, even if the budget was flat, how does this serve as a justification for an increase in the budget – shouldn’t an increase address an identifiable need?

Yes, not the best of explanations. In the last budget cycle the Health District did not present a budget due to the workload relating to COVID. Instead of keeping the budget flat I actually increased it by \$5,000 (relatively flat). A 1.75% inflationary increase (as a courtesy). I’m referring to the Town’s contribution to the district (not the other benefit accounts). Health district budget request for 2022-23 and their prior request in 2020-21 is attached.

4. From the packet titled “Line Item Detail Summary”, on page 12, in Land Use, why are “printing, binding and microfiche” going up 10% when most media is going digital? (It should be noted that the line item descriptions on page 222 in the budget are slightly different from the summary packet.)

Yes, you are right. That account description on our accounting system should be changed (probably to misc. expense). The description on page 222 is accurate.

5. Is the Land Use Director serving as EDC Director? Given the different missions of these agencies, does this create a potential for conflicting interests represented by one person?

There is the Director of Planning, Deputy Director of Land Use and the Deputy Director of Economic and Community Development both reporting to the Director of Planning, since approximately 2014. The mission of the agencies are not conflicting, both want to ensure Newtown is developed in the best way for the Town.

6. What are the current supply of salt and sand? How much can be carried over to next year? And how well does this budget take these conditions into account?

We have 50 tons of salt and 200 CY of sand. This will be carried to next year. We use a five year rolling average to budget for sand and salt. It is still a best guess being though we are dealing with the weather.

7. Based on the 2021 CAFR, the total Other Post-Employment Benefits (OPEB) liability (\$8,446,732) was more than twice the fund balance (\$4,098,574). Page 105 of the budget indicates that the OPEB annual required contribution (ARC) has not reached the target due to the economic downturn (since 2009-10). What is the difference between the budgeted contribution (\$184,113) and the target ARC?

The fund balance represents the investments in the OPEB trust. No OPEB benefit payments have been applied to this trust yet. The medical self-insurance fund has absorbed OPEB benefits. The OPEB ARC for Town is \$404,230 and for the BOE it is \$366,860 (BOE is budgeting \$100,000). Despite this the OPEB exposure to the Town is minimum compared to other towns. The only groups that enjoy OPEB benefits are police and teachers. Police contribute 25% of the equivalent premium (spouse 100%) and teachers (with the states help) contribute 100%. Benefits end when participants reach Medicare eligible. The rating agencies have shown no concern regarding Town contributions to OPEB.

8. Page 262 indicates that \$280,000 from the Debt Service Fund is budgeted toward paying debt service. What is the current Debt Service fund balance and what is the recent history of the balance? When bonds were sold recently at a better interest rate than anticipated, does the money saved (~\$80,000?) go to the Debt Service fund? And could this be applied to the projected interest payment (to decrease the taxpayer funded amount)?

The current debt service fund balance = \$2,440,000. 6/30/21 = \$1,748,335; 6/30/2020 = \$997,645; 6/30/2019 = \$452,785; 6/30/2018 = \$581,703; 6/30/2017 = \$255,805. Fund balance is dependent on the amount of bond premium received.

It is not the money saved (relating to the favorable interest amount) it is the cost avoided. The budgeted amount reflects the actual debt service cost.

Debt service amounts are used to level off annual debt service payments in the budget to avoid swings. Essentially that is what we are doing when debt service fund balance amounts are applied to the budget (decreasing the taxpayer funded amount).

9. Page 291 in the budget reflects the recommendation of TR Paul Inc. (communication dated December 14, 2021) for pension trust fund contributions. They were as follows:

BOS	\$551,024
Police	\$1,099,390
BOE	\$601,197

The budgets include actual amounts of:

BOS	\$ 693,336 (adding all lines labeled "retirement")
Police	\$1,219,195 (p. 125)
BOE	\$852,347 (BOE budget p. 157)

Why are the budgeted amounts greater than the recommended amounts? Did the Pension Committee make any recommendation? Was it different from that of the actuary?

Page 291 relates to the defined benefit pension plan (a traditional pension). It is closed to new employees. New employees are able to participate in the defined contribution plan (like a 401k). In the town defined contribution plan employees contribute 5% of their salary and the town contributes 5%. In the police defined contribution plan the employee contributes 5% of their salary and the town contributes 15% (police plans, state wide, are typically more robust).

BOE employees (other than teachers) also participate in the defined contribution plan (new employees do not participate in the traditional pension plan).

So the retirement line items include pension and defined contribution. Whereas page 291 addresses the pension trust fund.

10. Pages 312-317 inventories the town's more than 100 trucks, trailers, other vehicles, and other equipment. I see two capital items in the budget for vehicle replacement (p. 132, Police Department), five vehicle/equipment purchases from the capital non-recurring fund (p. 264, Reserve for Capital Non-Recurring), and three significant proposed capital items from ARP funds (\$630,000 per ARP workgroup). Am I missing any? Is there a long-term strategy for vehicle replacement with level spending from one year to the next?

		budget	capital non-recurring	ARP
PD	2 - vehicle	100,479		
PD	1 - vehicle		50,240	
HWY	1 - frame		80,000	
HWY	1 - frame		60,000	
HWY	1 - plow		15,000	
Prk & Rec	1 - airator		35,500	
Prk & Rec	1 truck			90,000
PW	1 truck			240,000
PW	1 truck			300,000

We have a level spending program for police vehicles which seems to have worked. Police vehicles are different in regards to usage because they are running, for the most part, 24 hours. Small vehicles and other equipment is budgeted for in the budget. Large expensive equipment is either bonded for or saved for in the capital and non-recurring fund. There is really no long term planned replacement schedule. When maintenance reaches a point where it is beneficial to replace then a vehicle is replaced (based on condition). Some vehicles make 150,000 miles and some don't quite make it. Sometimes a 100,000 mile vehicle is replaced before a 150,000 mile vehicle based on condition.

11.11.

Similarly, is there a maintenance plan (ie. 3-5 yr of projects) for municipal buildings?

There are maintenance plans for municipal building. However the Town Building Inventory & Planning Work Group was set up to establish a simple information system to inventory town buildings, their major components, the expected useful life of components and use(s) of this information for planning. This will help centralize maintenance plans and contracts.

DEPARTMENT: NEWTOWN HEALTH DISTRICT

NEWTOWN HEALTH DISTRICT					
BUDGET INFORMATION					
PROPOSED FY 2022-2023					
Expenditure Detail					
<u>SALARIES</u>		<u>PROGRAMS</u>		<u>HEALTH INSURANCE</u>	
Director of Health	102,905	Health Education	2,250	Health Insurance	99,880
Medical Advisor	10,042	Medical Supplies	1,000	Health Insurance Copay	-
Administrative Assistant	51,630	Educ./Training	1,000	DOH - Life	290
Senior Sanitarian	85,000	Water Testing	900	TOTAL	100,170
Assistant Sanitarian	71,575	Food Protection program	1,250		
Assistant Sanitarian	71,575	Public Health Nursing	4,250	<u>INSURANCE</u>	
Food Service Inspector	71,575	Environmental Health Services	2,750	Workers Comp	6,530
Labor Contract	2,500	TOTAL	13,400	Other CIRMA ins	16,300
TOTAL	466,802			TOTAL	22,830
		<u>LEGAL/FINANCE</u>		<u>CONTINGENCY</u>	
<u>PAYROLL EXPENSES</u>		Accounting	7,500	Contingency	20,014
Social Security	37,144	Legal	1,500		
Pension	30,468	Payroll	3,250		
Def Contrib Plan	14,986	Bookkeeper	2,500		
TOTAL	82,598	TOTAL	14,750		
<u>OPERATING</u>		<u>TRANSPORTATION</u>		GRAND TOTAL	759,964
Office supplies	1,000	Vehicle Leasing (3 trucks)	11,000		
Telephone	500	Transportation reimbursement	2,750		
Field Equipment	200	Misc. reimbursement	250		
Office Equip. & Maintenance	3,000	TOTAL	14,000		
Specimen Transportation	1,000				
Clothing	1,200				
Dues/Subscript.	1,500				
District offices	17,000				
TOTAL	25,400				

DEPARTMENT: NEWTOWN HEALTH DISTRICT

<u>Expenditure Detail</u>					
<u>SALARIES</u>			<u>LEGAL/FINANCE</u>		
Director of Health	102,905	Accounting	6,750		
Medical Advisor	10,042	Legal	800		
Administrative Assistant	51,630	Payroll	3,000		
Senior Sanitarian	85,465	Bookkeeper	2,000		
Assistant Sanitarian	79,825	TOTAL	12,550		
Assistant Sanitarian	71,575				
Food Service Inspector	68,600				
Labor Contract	2,250				
TOTAL	472,292				
<u>PAYROLL EXPENSES</u>			<u>TRANSPORTATION</u>		
Social Security	36,036	Vehicle Leasing (3 trucks)	11,000		
Pension	32,897	Transportation reimbursement	2,750		
O.O.D. pension	2,750	Misc. reimbursement	250		
Def Contrib Plan	7,025	TOTAL	14,000		
TOTAL	71,683				
<u>OPERATING</u>			<u>HEALTH INSURANCE</u>		
Office supplies	1,000	Health Insurance	97,724		
Telephone	500	Health Insurance Copay	-		
Field Equipment	200	DOH - Life	290		
Office Equip. Maintenance	200	TOTAL	98,014		
Specimen Transportation	1,000				
Clothing	1,200	<u>INSURANCE</u>			
Dues/Subscript.	850	Workers Comp	6,530		
District offices	17,000	Other CIRMA ins	16,300		
TOTAL	21,950	TOTAL	22,830		
<u>PROGRAMS</u>			<u>CONTINGENCY</u>		
Health Education	3,250	Contingency	7,000		
Medical Supplies	1,500				
Educ./Training	1,000				
Water Testing	900				
Food Protection program	1,250				
VNA Nursing	4,250	GRAND TOTAL	735,219		
Environmental Health Services	2,750				
TOTAL	14,900				